

ORIGINAL

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ATTORNEY AT LAW

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TUBAC, ARIZONA 85646

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0000096448

ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

April 30, 2009

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Ridgeline Water Company, L.L.C.
Docket No. W-20589A-08-0173
Compliance with Decision No. 70748

RECEIVED
MAY - 1 A 9 48
DOCKET CONTROL

To Whom It May Concern:

Pursuant to the Third Ordering Paragraph of Decision No. 70748 in the above-referenced and docketed proceeding, Ridgeline Water Company, L.L.C. ("Ridgeline") hereby submits as a compliance filing fourteen (14) copies of (i) a Loan Conversion Agreement as executed among Pollux Properties, LLC ("Pollux") and fourteen (14) individual Lenders; and, (ii) an April 28, 2009 Policy of Title Insurance as issued by First American Title Insurance Company.

As may be noted from the first paragraph in the Loan Conversion Agreement, each Lender agreed to convert the debt previously owed to him/her/it by Pollux into a membership interest in Pollux through execution of the Loan Conversion Agreement. As may be noted from the Policy of Title Insurance and Schedules "A" and "B" thereto, the debt extinguished through the Loan Conversion Agreement has been removed as an encumbrance upon the real estate acquired by Pollux to develop the residential community to which Ridgeline will provide water service. Accordingly, in combination, the enclosed documents demonstrate the conversion of Pollux's pre-existing debt which was the subject of Decision No. 70748 to an equity membership interest in Pollux.

In addition, please note the docket number is contained on the top right hand corner of the first page of each copy of each document. Thank you for your assistance with regard to this matter.

Arizona Corporation Commission

DOCKETED

MAY - 1 2009

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Sincerely,

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.

Docket Control
April 30, 2009
Page 2 of 2

cc: Hon. Belinda A. Martin
Kim Battista, Compliance & Enforcement
Janice Alward, Legal Division
Kevin Torrey, Legal Division

POLLUX PROPERTIES, LLC

LOAN CONVERSION AGREEMENT

Pollux Properties, LLC, an Arizona limited liability company (the "Company") is currently indebted to the Lender named on the signature page hereof (the "Lender") in accordance with the terms of a Promissory Note (the "Promissory Note"), which indebtedness is secured by the Company's execution of a Deed of Trust (the "Deed of Trust"), which constitutes a lien on certain real property of the Company. Information concerning the Promissory Note and Deed of Trust, including, without limitation, the outstanding balance of principal as of the date of this Agreement, and accrued and unpaid interest as of March 31, 2008 (the "Accrued Interest"), is set forth on Exhibit A attached hereto. The Promissory Note and Deed of Trust represent one of a number of promissory notes and deeds of trust executed by the Company (collectively, the "Debt Instruments") in connection with its financing of the acquisition and improvement of approximately 660 acres in Pima County, 12 miles southeast of the town of Green Valley and 12 miles north of Tubac, Arizona in the area referred to as Elephant Head (the "Subject Property"). Lender hereby agrees to convert the outstanding principal balance (the "Principal Balance") as of the Effective Date (as defined in Paragraph 2 below) into a membership interest (the "Membership Interest") in the Company (the "Debt Conversion") upon the terms and conditions set forth herein.

1. Terms of Debt Conversion. The Debt Conversion shall be in accordance with the terms specified in the "Information Memorandum Regarding Conversion of Outstanding Debt to Equity" dated December 31, 2008 (the "Information Memorandum"), and shall be effective on the Effective Date. On the Effective Date, (a) Lender shall hold the Membership Interest, (b) the Membership Interest will represent no less than the Percentage Interest in the Company set forth on Exhibit A hereto, (c) the Company shall have no further obligations with respect to the Principal Balance, (c) the Accrued Interest shall remain an unsecured obligation of the Company, payable in the order of priority set forth in the Company's Operating Agreement, with the unpaid balance of the Accrued Interest, if any, due and payable in full on December 31, 2015; and (e) the portion of the Subject Property subject to the lien of the Deed of Trust shall be released from such lien.

2. Effective Date of Conversion. The Debt Conversion shall become effective on the Effective Date. For purposes of this Agreement, the "Effective Date" means the date the holders of all Debt Instruments have executed a Loan Conversion Agreement in the form of this Agreement pursuant to which the entire outstanding balance of principal and accrued interest on such Debt Instruments is converted into membership interests in the Company in accordance with the terms set forth in the Information Memorandum. In the event that the Effective Date does not occur on or before June 30, 2009, the Debt Conversion shall not occur and this Agreement shall become null and void and of no further force or effect.

3. Certifications and Agreements of Lender. The undersigned (the "Lender"), by executing this Loan Conversion Agreement, does hereby certify and agree as follows:

A. The Lender has had various discussions (the "Discussions") with Jeffrey S. Utsch and/or Patrick Nikitenko, the Managers of the Company. During the course of the Discussions, information concerning the Company and its business was discussed in great detail and the Lender had the opportunity to obtain any additional information the Lender believed was necessary in order to evaluate the risks and merits of the investment. The Lender has also received and reviewed the Information Memorandum. In addition, the Lender has undertaken such other independent due diligence activities as the Lender has deemed necessary in order to determine the viability of the Company's proposed activities.

B. The Lender, in connection with an investment in the Company, has sufficient knowledge and experience in business and financial matters, or has received competent professional advice concerning the Company and the proposed activities thereof, to evaluate the risks of ownership of the Membership Interest.

C. The Lender has been afforded the opportunity to obtain from the Company any additional information, to the extent possessed or obtainable without unreasonable effort or expense, necessary to evaluate the merits and risks of the Debt Conversion and ownership of the Membership Interest and the Lender has concluded, based on information presented to the Lender, the Lender's own understanding of investments of this nature and the advice of such consultants as the Lender deems appropriate, that the Lender wishes to convert the Outstanding Balance into the Membership Interest.

D. The Lender understands that the Membership Interest will not be registered under the Securities Act of 1933 (the "Act") or the securities laws of the State of Arizona or any other state and therefore, the Lender must bear the economic risks of ownership of the Membership Interest for an indefinite period of time since such interest can not be sold or offered for sale unless subsequently so registered or an exemption from such registration is available. Finally, the Lender understands that there is virtually no market for the resale of investments such as the Membership Interests and that any realization on the value of the Membership Interest will, in all probability, be solely from the distribution of cash realized from cash received by the Company from the sale of the Subject Property as described in the Memorandum.

E. The Lender understands that the Company's Operating Agreement sets forth restrictions on transferability and sale of membership interests in addition to those noted in Paragraph D above.

F. The Lender is acquiring the Membership Interest for the Lender's own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment, or resale to others or to fractionalize in whole or in part. In furtherance thereof, the Lender represents, warrants, and agrees as follows: (i) no other person has or will have transferred such interest except in accordance with the Act, the terms of the Company's Operating Agreement and applicable state securities laws or unless, in the opinion of counsel for the Company, an exemption from the registration requirements of the Act and such laws is available; and (ii) the Company is under no obligation to register the Membership

Interest on Lender's behalf or to assist Lender in complying with any exemption from registration.

G. The Lender is aware of and understands that an investment in the Company is a speculative investment that involves a significant degree of risk of loss of the Lender's entire investment.

H. Lender shall indemnify and hold harmless the Company, and any of the officers, employees, directors, control persons, principals, or any other representative of the Company who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the Lender to the Company concerning Lender or otherwise made herein in connection with Lender's investment in the Company (including attorney's fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit, or proceeding.

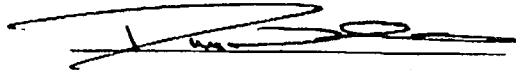
I. **THE LENDER IS AWARE AND UNDERSTANDS THAT NO DUE DILIGENCE HAS BEEN PERFORMED BY ANY COUNSEL OR ACCOUNTANT FOR THE COMPANY WITH RESPECT TO THE LENDER'S INVESTMENT IN THE COMPANY OR THE COMPANY'S INVESTMENT IN THE SUBJECT PROPERTY.**

(signature page follows)

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 2 day of APRIL, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Type or Print Name

PATRICK NIKITENKO

Residence Address

3721 N SIERRA MADRE DR

City, State and Zip Code

TULSON, ARIZONA 85749

(area code) telephone number

502-904-9621

Tax ID or Social Security Number

502-90-6739

Signature

Type or Print Name

Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of 2 APRIL, 2009

POLLUX PROPERTIES, LLC

By: 

Its: Manager 

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this _____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Andrew Nikofenko

Signature

Type or Print Name

ANDREW NIKOFENKO

Type or Print Name

Residence Address

210 Searis Dr

Residence Address

City, State and Zip Code

Minot ND 58701

City, State and Zip Code

(area code) telephone number

701-8381705

(area code) telephone number

Tax ID or Social Security Number

501-30-2708

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of Mar-10, 2009

POLLUX PROPERTIES, LLC

By: [Signature]

Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this ____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Type or Print Name

Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

Signature

Robert Belcher

Type or Print Name

Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: *[Signature]*

Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this ____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Signature

Type or Print Name

Deana Skalla

Type or Print Name

Residence Address

351 Pine Dr

Residence Address

City, State and Zip Code

Bidgway CO 81432

City, State and Zip Code

(area code) telephone number

970-626-5919

(area code) telephone number

Tax ID or Social Security Number

524-44-5248

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

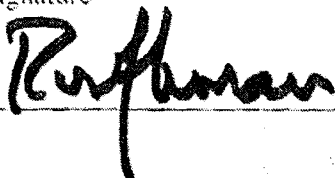
By: 

Its: Manager 

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this ____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Type or Print Name

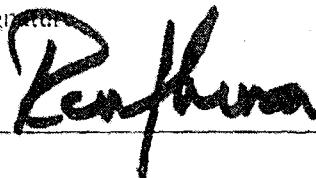
Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

Signature



Type or Print Name

Residence Address

City, State and Zip Code

(area code) telephone number

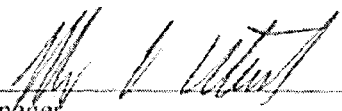

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By:

Its: Manager

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 14th day of February, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Patrick J. Farrell, Trustee

Signature

Type or Print Name

PATRICK J. FARRELL, TRUSTEE

Type or Print Name

Residence Address

One S. Church Ave., #2130

Residence Address

City, State and Zip Code

Tucson, AZ 85701-1656

City, State and Zip Code

(area code) telephone number

(520) 882-6400

(area code) telephone number

Tax ID or Social Security Number

94-6758921

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: [Signature]

Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this ____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Signature

Type or Print Name

John H. Atkinson

Type or Print Name

Residence Address

3721 N PLACITA Verde

Residence Address

City, State and Zip Code

JACSON AZ 85719

City, State and Zip Code

(area code) telephone number

520-444-0064

(area code) telephone number

Tax ID or Social Security Number

585-03-5396

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of 2/13/ 2009

POLLUX PROPERTIES, LLC

By: 
Its: Manager



IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this _____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Type or Print Name

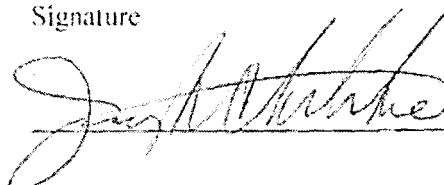
Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

Signature



Type or Print Name

Residence Address

City, State and Zip Code

(area code) telephone number

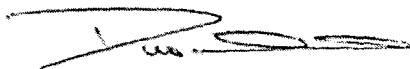
Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: 

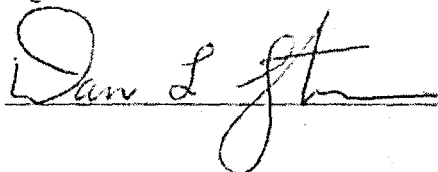
Its: Manager 



IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 16 day of Feb, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Signature

Type or Print Name

DAN L. STRINGHAM TRUSTEE
LSS PROF. SHARING INC

Type or Print Name

Residence Address

560 N ARSON COURT

Residence Address

City, State and Zip Code

TULSON AZ 85748

City, State and Zip Code

(area code) telephone number

520-731-9212

(area code) telephone number

Tax ID or Social Security Number

68-0549994

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: 

Its: Manager



IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 27 day of February, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Paul G. Sorenson

Signature

Type or Print Name

Paul G. Sorenson, Trustee
Monument Capital Mgmt, Inc. PSP

Type or Print Name

Residence Address

3400 E. Speedway Blvd.
Suite 118-184

Residence Address

City, State and Zip Code

Tucson, AZ 85716

City, State and Zip Code

(area code) telephone number

(520) 877-2236 (H)
(520) 370-3709 (C)

(area code) telephone number

Tax ID or Social Security Number

84-1528283

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: [Signature]

Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 27 day of February, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Paul Sorensen

Signature

Type or Print Name

Paul Sorensen

Type or Print Name

Residence Address

3400 E. Speedway Blvd
Suite 118-188

Residence Address

City, State and Zip Code

Tucson, AZ 85716

City, State and Zip Code

(area code) telephone number

(520) 877 2236 (H)
520 370-3709 (C)

(area code) telephone number

Tax ID or Social Security Number

172-52-8495

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: [Signature]

Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this ____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Signature

Patricia F. Frederick

Type or Print Name

Type or Print Name

PATRICIA F. FREDERICK

Residence Address

Residence Address

6202 W. Ina Rd.

City, State and Zip Code

City, State and Zip Code

Tucson AZ 85743

(area code) telephone number

(area code) telephone number

520. 744. 4471

Tax ID or Social Security Number

Tax ID or Social Security Number

526-64-1128

This Loan Conversion Agreement is accepted as of March 26, 2009

POLLUX PROPERTIES, LLC

By: [Signature]

Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 16 day of February, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Signature

JTS MIGUEL

Type or Print Name

Type or Print Name

Prosperity Investments LLC

Residence Address

Residence Address

6718 E. San Miguel Ave

City, State and Zip Code

City, State and Zip Code

Paradise Valley AZ 85253

(area code) telephone number

(area code) telephone number

480-540-3379

Tax ID or Social Security Number

Tax ID or Social Security Number

EIN 26-2091247

This Loan Conversion Agreement is accepted as of February 16th, 2009

POLLUX PROPERTIES, LLC

By: _____

Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 7 day of March, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Randy Stealla

Signature

Type or Print Name

Randy Stealla

Type or Print Name

Residence Address

1267 Jesse Ct.

Residence Address

City, State and Zip Code

HIGHLANDS Ranch CO
80126

City, State and Zip Code

(area code) telephone number

303-791-4070

(area code) telephone number

Tax ID or Social Security Number

508-02-3449

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: [Signature]
Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 26 day of Feb, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Type or Print Name

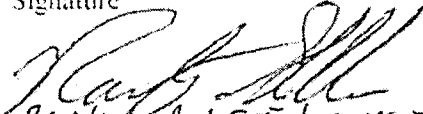
Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

Signature


President of LS Enterprises, Inc., General Partner
for RMBPC

Type or Print Name

Randy Skalla

Residence Address

1267 Jesse Ct.

City, State and Zip Code

Highlands Ranch, CO 80126

(area code) telephone number

303-791-4313

Tax ID or Social Security Number

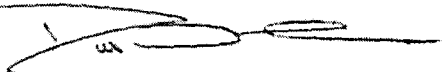
85-0484734

This Loan Conversion Agreement is accepted as of 2/26/, 2009

POLLUX PROPERTIES, LLC

By: 

Its: Manager



IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 16th day of March, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature

Type or Print Name

Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

Signature

Jermy Sun

Type or Print Name

JERRY SUN

Residence Address

29 Beacon Hill

City, State and Zip Code

Sugar Land, TX 77479

(area code) telephone number

281-565-8816

Tax ID or Social Security Number

050-72-9691

This Loan Conversion Agreement is accepted as of March 16th, 2009

POLLUX PROPERTIES, LLC

By: [Signature]
Its: Manager

[Signature]

IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 16 day of February, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Type or Print Name

JINSHAN TANG

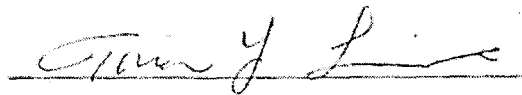
Residence Address

City, State and Zip Code

(area code) telephone number

Tax ID or Social Security Number

Signature



Type or Print Name

TINA YING LIAO

Residence Address

City, State and Zip Code

(area code) telephone number

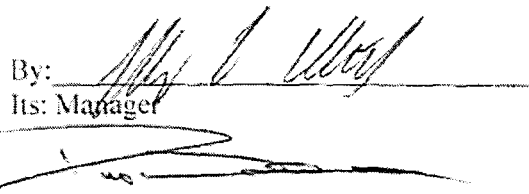
Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By:

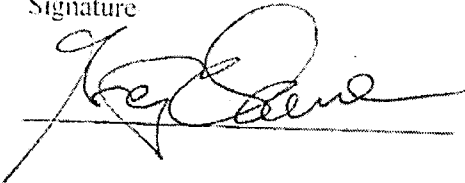
Its: Manager



IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this 12th day of March, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Signature

Type or Print Name

Titus Properties Inc.,
PSP

Type or Print Name

Residence Address

3900 N. Pontatoc Rd

Residence Address

City, State and Zip Code

Tucson, AZ 85718

City, State and Zip Code

(area code) telephone number

(520) 954-4358

(area code) telephone number

Tax ID or Social Security Number

Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By: 

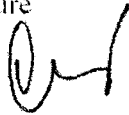
Its: Manager



IN WITNESS WHEREOF, the Lender has executed this Loan Conversion Agreement this ____ day of _____, 2009.

TO BE COMPLETED BY EACH LENDER:

Signature



Signature



Type or Print Name

CHARLES L. TOWNSEND

Type or Print Name

SANDRA J. TOWNSEND

Residence Address

PO Box 31987

Residence Address

PO Box 31987

City, State and Zip Code

TUCSON AZ 85751

City, State and Zip Code

TUCSON AZ 85751

(area code) telephone number

520-721-6614

(area code) telephone number

520-721-6614

Tax ID or Social Security Number

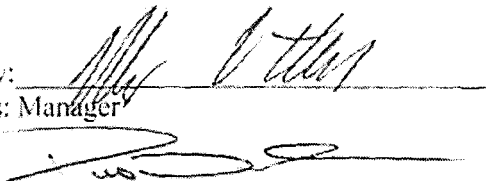
Tax ID or Social Security Number

This Loan Conversion Agreement is accepted as of _____, 2009

POLLUX PROPERTIES, LLC

By:

Its: Manager



Form No. 1402.92
(10/17/92)
ALTA Owner's Policy
1100064P109200



DUPLICATE POLICY
NO ADDITIONAL LIABILITY ASSUMED

POLICY OF TITLE INSURANCE

ISSUED BY

First American Title Insurance Company

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

First American Title Insurance Company

BY

PRESIDENT

ATTEST

SECRETARY



- EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

- (a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.
- (b) "insured claimant": an insured claiming loss or damage.
- (c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (d) "land": the land described or referred to in Schedule (A), and improvements affixed thereto which by law constitute real property. The term

land does not include any property beyond the lines of the area described or referred to in Schedule (A), nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a

as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue

any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the Amount of Insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule (A)(C) consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the Amount of Insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures

the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE.

It is expressly understood that the Amount of Insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all rights of subrogation shall vest in the Company unaffected by any act of the insured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required

to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against non-insured Obligors.

The Company's right of subrogation against noninsured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

16. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at 1 First American Way, Santa Ana, California 92707, or to the office which issued this policy.

POLICY OF TITLE INSURANCE

**FIRST AMERICAN TITLE INSURANCE COMPANY
SCHEDULE A**

**Title No. -PJB
Escrow No. 06144822-JCS
Policy No. 2279860**

Policy Amount \$6,300,000.00

Policy Date April 28, 2009

at Fee No. 20090810396

INSURED

Pollux Properties LLC, an Arizona limited liability company

1. Title to the estate or interest covered by this policy at the date hereof is vested in:

Pollux Properties LLC, an Arizona limited liability company

2. The estate or interest in the land described or referred to in this Schedule covered by this policy is a:
a fee

3. The land referred to in this policy is located in Pima County, Arizona, and is described as follows:

See Exhibit A attached hereto and made a part hereof.

Exhibit A

Parcel 1:

The Northwest quarter of the Southeast quarter of Section 18, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 7

Parcel 2:

The Northeast quarter of the Southwest quarter of Section 18, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 2

Parcel 3:

The Southwest quarter of the Southeast quarter of Section 18, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 9

Parcel 4:

The Northwest quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 10

Parcel 5:

A portion of Government Lot 4 in Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows:

BEGINNING at the Southwesterly corner of said Lot 4, which is monumented by a set ½ inch rebar tagged "RLS 35111";

THENCE North 00 degrees 03 minutes 21 seconds West, upon the Westerly line of said Lot 4, a distance of 58.48 feet;

THENCE South 88 degrees 41 minutes 16 seconds East, a distance of 206.46 feet;

THENCE North 81 degrees 11 minutes 10 seconds East, a distance of 278.20 feet;

THENCE North 61 degrees 47 minutes 14 seconds East, a distance of 388.51 feet;

THENCE North 57 degrees 52 minutes 05 seconds East, a distance of 585.08 feet to the Easterly line of said Lot 4;

THENCE South 00 degrees 03 minutes 10 seconds East, upon said Easterly line, a distance of 590.64 feet to the Southeasterly corner thereof;

THENCE South 89 degrees 58 minutes 29 seconds West, upon the Southerly line of said Lot 4, a distance of 1,320.49 feet to the POINT OF BEGINNING.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 43

Parcel 6:

The South half of the Southeast quarter of the Northwest quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 25

Parcel 7:

The South half of the Northeast quarter of the Southwest quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 34

Parcel 8:

The East half of the North half of the Northeast quarter of the Southwest quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 36

Parcel 8A:

An easement for ingress, egress, and utilities over, under, and across the North half of the Northeast quarter of the Southwest quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, said easement being 30 feet in width, the centerline of which extends from the mid point of the North line of the North half of the Northeast quarter of the Southwest quarter of Section 19, Township 19 South, Range 14 East, Southerly to the mid point of the North line of the South half of the Northeast quarter of the Southwest quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

Parcel 9:

The South half of the Northeast quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT coal and other minerals as reserved in the Patent from United States of America.

JV arb 29

Parcel 9A:

A right-of-way for ingress and egress and an easement for poles, wires, pipes, and conduits for lighting, heating, electricity, gas, telephone, and any other public or quasi-public utility service purposes, on, over, and under the North 30 feet of the South half of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

Parcel 10:

The North half of the Northeast quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

TOGETHER WITH a right-of-way and easement over the West 20 feet of the South half of the Northeast quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

JV arb 18

Parcel 11:

The West one-half of the Southeast quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 19

Parcel 12:

The North half of the Southwest quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 33

Parcel 13:

The Southwest quarter of the Southwest quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 30

Parcel 14:

The Southeast quarter of the Southwest quarter of the Southeast quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 32

Parcel 15:

A portion of Government Lot 3 in Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows:

The South 160.00 feet of Government Lot 3 in Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 45

Parcel 16:

The Southwest quarter of the Southwest quarter of Section 20, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 6

Parcel 17:

A portion of the Northwest quarter of the Southwest quarter of Section 20, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows:

The West 330.00 feet of the Northwest quarter of the Southwest quarter of Section 20, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

Portion of JV arb 5

Parcel 18:

The South half of the Northeast quarter of Section 29, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arbs 4 and 6

Parcel 19:

The West half of the Northeast quarter of the Northwest quarter of Section 29, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 30

Parcel 20:

The East half of the Northeast quarter of the Northwest quarter of Section 29, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 31

Parcel 21:

The West half of the Northwest quarter of the Northwest quarter of Section 29, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 29

Parcel 22:

The Southwest quarter of the Northeast quarter of the Northeast quarter of Section 30, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 15

Parcel 23:

The South 660 feet of the East 330 feet thereof, of the Northeast quarter of the Northeast quarter of Section 30, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 24

Parcel 24:

The Northeast quarter of the Northeast quarter of Section 30, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT the South 660 feet of the East 330 feet thereof.

FURTHER EXCEPT the Southwest quarter thereof.

FURTHER EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 25

Parcel 25:

The West half of the Southeast quarter of the Northwest quarter of Section 30, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 19

Parcel 26:

The East half of the Southeast quarter of the Northwest quarter of Section 30, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals as reserved in Patent from United States of America.

JV arb 20

Parcel 27:

The West half of the Northeast quarter of the Southeast quarter of the Northwest quarter of Section 24, Township 19 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT the North 30 feet thereof as conveyed to Pima County and recorded in Docket 7374 at page 752, in the office of the County Recorder of Pima County, Arizona.

JV arb 72

TOGETHER WITH a well and waterline easement, 10 feet in width, the centerline of which is more particularly described as follows:

BEGINNING at the Northeast corner of the Southeast quarter of the Northwest quarter of said Section 24;

THENCE South 20 degrees 27 minutes 05 seconds West, a distance of 207.00 feet to the TRUE POINT OF BEGINNING;

THENCE South 00 degrees 30 minutes 11 seconds West, a distance of 115.00 feet to a point;

THENCE West, a distance of 259.23 feet to a point on the East line of said West half of the Northeast quarter of the Southeast quarter of the Northwest quarter, being the POINT OF TERMINUS.

Parcel 28:

The North half of the Southeast Quarter of the Northwest Quarter of Section 29, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals, as reserved in Patent from United States of America

(Jv arb 15)

(State Tax Parcel: 304-45-007D)

Parcel 29

The West half of the Northwest Quarter of the Northeast Quarter of Section 19, Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

Parcel 30:

A portion of Government Lot 4 of Section 19, Township 19 South, Range 14 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

COMMENCING at the Southwesterly corner of said Lot 4, which is monumented by a set ½ inch rebar tagged "RLS 35111";

THENCE North 00 degrees 03 minutes 21 seconds West, upon the Westerly line of said Lot 4, 58.48 feet to the POINT OF BEGINNING;

THENCE continue North 00 degrees 03 minutes 21 seconds West, upon said Westerly line, 1259.24 feet to the Northwesterly corner of said Lot 4;

THENCE North 89 degrees 57 minutes 32 seconds East, upon the Northerly line of said Lot 4, 1319.69 feet to the Northeasterly corner thereof;

THENCE South 00 degrees 03 minutes 10 seconds East, upon the Easterly line of said Lot 4, 727.44 feet;

THENCE South 57 degrees 52 minutes 05 seconds West, 585.08 feet;

THENCE South 61 degrees 47 minutes 14 seconds West, 388.51 feet;

THENCE South 81 degrees 11 minutes 10 seconds West, 278.20 feet;

THENCE North 88 degrees 41 minutes 16 seconds West, 206.46 feet to the POINT OF BEGINNING.

EXCEPT all coal and other minerals, as reserved in Patent from United States of America.

(JV Arb. 44)

Parcel 31:

The Southeast Quarter of the Northwest Quarter of the Northwest Quarter of Section 29 Township 19 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

EXCEPT all coal and other minerals, as reserved in Patent from United States of America.

(Jv arb 14)

(State Tax Parcel: 304-45-009D)

FIRST AMERICAN TITLE INSURANCE COMPANY

Title No. -PJB
Escrow No. 06144822-JCS
Policy No. 2279860

SCHEDULE B

This policy does not insure against loss or damage, nor against any costs, attorneys' fees or expenses, any or all of which arise by reason of the following:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

PART II

(All recording data refer to records in the office of the County Recorder of the County in which the land is situated.)

1. TAXES AND ASSESSMENTS collectible by the County Treasurer, a lien not yet due and payable for the following year:

2009
2. RESERVATIONS contained in the Patent from the United States of America, Book 79 of Deeds, at page 592 (Parcel 27) reading as follows:
SUBJECT to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States of America.
3. RESERVATIONS contained in the Patent from the United States of America, Book 180 of Deeds, at page 338 (Parcels 1, 2, 3, 5, 6, and 15) reading as follows:
SUBJECT to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States of America.

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4. RESERVATIONS contained in the Patent from the United States of America, Book 239 of Deeds , at page 626 (Parcels 18, 19, 20, 21, 22, 23, 24, 25 and 31) reading as follows:
SUBJECT to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States of America.
5. RESERVATIONS contained in the Patent from the United States of America, Book 1175, at page 476 (Parcels 4, 7, 8, 9, 10, 11, 12, 13, 14, 16 and 17) reading as follows:
SUBJECT to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States of America.
6. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	815
Page	246
Purpose	electric transmission line
7. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	1229
Page	63
Purpose	utilities and public road
8. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	1236
Page	579
Purpose	utilities and public road
9. MINING LOCATIONS that may exist on caption property set forth of record by Contract for Sale of Real Estate recorded in Docket 1355, Page 548.
10. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	1663
Page	378
Purpose	ingress and egress and public utilities
11. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	3322
Page	339
Purpose	ingress and egress

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12. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--------------------------------|
| Recorded in Docket | 5155 |
| Page | 6 |
| Purpose | utilities, ingress, and egress |
13. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 5847 |
| Page | 497 |
| Purpose | utilities |
14. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--------------------------------|
| Recorded in Docket | 6118 |
| Page | 141 |
| Purpose | ingress, egress, and utilities |
15. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--------------------------------|
| Recorded in Docket | 7249 |
| Page | 1249 |
| Purpose | ingress, egress, and utilities |
16. AGREEMENT, according to the terms and conditions, contained therein:
- | | |
|----------|-------------------|
| Purpose | Well |
| Dated | February 1997 |
| Recorded | February 14, 1997 |
| Docket | 10483 |
| Page | 1943 |
17. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:
- | | |
|--------------------|-------|
| Recorded in Docket | 12828 |
| Page | 5891 |
18. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 12828 |
| Page | 5891 |
| Purpose | utilities |
19. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--------------------------------|
| Recorded in Docket | 12860 |
| Page | 649 |
| Purpose | ingress, egress, and utilities |

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20. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:

Recorded in Docket 12860
Page 649

21. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:

Recorded July 17, 2001
Docket 11592
Page 2533

22. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:

Recorded October 28, 2003
Docket 12165
Page 6607
And in Docket 12796 at Page 1558.

23. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:

Recorded January 07, 2004
Docket 12212
Page 1303

24. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:

Recorded May 03, 2006
Docket 12796
Page 1688

25. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:

Recorded June 19, 2006
Docket 12828
Page 5886

26. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:

Recorded June 19, 2006
Docket 12828
Page 5891

27. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:

Recorded August 03, 2006
Docket 12860
Page 645

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28. AFFIDAVIT OF DISCLOSURE, according to the terms and conditions, contained therein:
- | | |
|----------|--------------------|
| Recorded | September 22, 2006 |
| Docket | 12895 |
| Page | 673 |
29. MATTERS SHOWN ON SURVEY:
- Recorded in Book 45 of Record of Surveys
Page 43
30. ANY matters arising by reason of Resolution No. 1999-24 designating the community of Elephant Head as a Colonia as set forth in instrument recorded in Docket 11195 at page 883.
31. ANY MATTERS arising by reason of Memorandum regarding Request to Name Street or Easement, as set forth in instrument recorded in Docket 11529 at page 1839 (Snow Owl Trail).
32. THE LACK of a legal right of access recorded in insurable form to and from said land to a public street as to Parcels 1, 2, 3, 29..
Notwithstanding the affirmative assurance of Paragraph 4, the Company is unwilling to insure access.
33. RESERVATIONS contained in the Patent from the United States of America, recorded August 11, 1941 in Deed Book 239, Page 626 reading as follows:
RESERVED from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States of America. Excepting and reserving, however, to the United States all the coal and other minerals in the lands so entered and patented, together with the right to prospect for, mine, and remove the same pursuant to the provisions and limitations of the Act of December 20, 1916 (30 Stat., 862) (Parcel 28)
34. RESERVATIONS contained in the Patent from the United States of America, recorded December 26, 1934 in Deed Book 180, Page 338 reading as follows:
RESERVED from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States of America. Excepting and reserving, however, to the United States all the coal and other minerals in the lands so entered and patented, together with the right to prospect for, mine, and remove the same pursuant to the provisions and limitations of the Act of December 20, 1916 (30 Stat., 862) (Parcel 29)
35. ANY ACTION by the County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance. (Parcels 1 - 31)
36. RESERVATIONS contained in the Patent from the United States of America, recorded December 26, 1934 in Deed Book 180, Page 339 reading as follows:
RESERVED from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States of America. Excepting and reserving, however, to the United States all the coal and other minerals in the lands so entered and patented, together with the right to prospect for, mine, and remove the same pursuant to the provisions and limitations of the Act of December 20, 1916 (30 Stat., 862) (Parcel 30)
37. Affidavit of Disclosure recorded in Docket 12860 at page 645.(Parcel 30)
38. Reservation of an easement for ingress, egress and utilities as set forth in instrument recorded February 16, 2006 in Docket 12743 at Page 5435

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39. Terms, conditions, restrictions and obligations as set forth in State Land Department, State of Arizona Right of Way No. 16-110829 recorded in Docket 13319, page 414.

FIRST AMERICAN TITLE INSURANCE COMPANY

Seamus Malone

By: _____
Authorized Signatory

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NOT A PART OF THIS POLICY
TAX INFORMATION SHEET

Any Real Estate Tax not shown as an Exception in Part One of Schedule B of this policy may be assumed paid.

Real Estate Taxes in Arizona are assessed on a calendar year.

The first installment (one half) is due and payable on the first day of October and delinquent of the first day of November of the tax year.

The second installment (remaining one-half) is due and payable on the first day of October of the tax year, but not due until the first day of March of the year following the tax year and becomes delinquent on the first day of may of the year following the tax year.